

# IRS News Release

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Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

[www.irs.gov/newsroom](http://www.irs.gov/newsroom)Public Contact: 800.829.1040

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## **Honda Compressed Natural Gas Vehicle Certified for Tax Credit**

IR-2006-182, Nov. 22, 2006

WASHINGTON — The Internal Revenue Service has acknowledged the certification by American Honda Motor Company, Inc., that its Honda Civic GX Model Year 2007 vehicle meets the requirements of the Alternative Motor Vehicle Credit .

The qualified Alternative Fuel Motor Vehicle Credit was enacted by the Energy Policy Act of 2005. The new credit includes separate credits for four distinct categories: (1) fuel cell vehicles, (2) advanced lean burn technology vehicles, (3) hybrid vehicles and (4) alternative fuel vehicles.

The credit amount for the Honda Civic GX Model Year 2007, which operates solely on compressed natural gas, is \$4,000. The credit is equal to a percentage of the incremental cost of the alternative fuel technology.

Consumers seeking the credit may want to buy early since the full credit is only available for a limited time. Taxpayers may claim the full amount of the allowable credit up to the end of the first quarter after the quarter in which the manufacturer records its sale of the 60,000<sup>th</sup> vehicle. For the second and third calendar quarters after the quarter in which the 60,000<sup>th</sup> vehicle is sold, taxpayers may claim 50 percent of the credit. For the fourth and fifth calendar quarters, taxpayers may claim 25 percent of the credit. No credit is allowed after the fifth quarter.

The total number of qualifying Honda hybrid vehicles reported sold as of Sept. 30, 2006, was 28,408. Therefore, purchasers of Honda's qualified vehicles may continue to rely on the previously issued IRS certifications.

More information on hybrid vehicles and other alternative motor vehicles can be found at [IRS.gov](http://IRS.gov).